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TOP COMMUNITY BANKS — TABLES P. 22-23

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TODAY

FEATURE SECTION

COMMUNITY BANKING: As superregionals continue to take over community banks, the smaller banks re-examine their roles and take steps to remain independent. Overview on **Page 13.**

IBAA CONFERENCE

INCOMING IBAA PRESIDENT Thomas Olson heads Lisco State Bank in Nebraska, one of the group's smallest banks. But he has a giant-size hankering to spread the story of community banking, and he intends to press for this group's concerns and against non-bank banks through the legislative process..... 2

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PRIME LENDING RATES were raised by additional major banks Wednesday; but some economists expressed puzzlement at the timing of the increases..... 3

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KEEPING CURRENT

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Profitable Community Banks Rely on Old Ways

Lending Policies, Service Are Cited by Top Earners

By MICHAEL WEINSTEIN

While the banking industry grapples with the changes of deregulation, executives at the nation's most profitable community banks said they are still using their tried-and-true techniques to generate healthy profits.

The community bankers' commandments: Know thy borrower, treat customers well, and keep a lid on expenses.

But good loans are often tough to come by, and in at least a few cases, banks have relied on securities investments for their robust returns.

The *American Banker* today ranks the 100 most profitable community banks, based on return on assets. (Tables begin on page 22.) The survey defines a community bank as an independently owned bank insured by the Federal Deposit Insurance Corp. and not affiliated with a holding company. Assets must be between $150 million and $35 million.

5 Most Profitable Community Banks
Based on Return on Assets
First Nine Months of 1986 (in Percent)

1. Putnam County Natl. Bank, Carmel, N.Y.	4.421
2. Hill Bank & Trust Co., Palmer, Tex.	4.245
3. National Bank of Stamford, N.Y.	4.085
4. Prospect Gladstone Bank, Gladstone, N.J.	3.641
5. Harlan National Bank, Harlan, Ky.	3.514

Using figures as of Sept. 30, 1986, 4,900 of the nation's banks are classified as community banks under that criteria. Of those, 154 had returns on average assets that exceeded 2% for the first nine months of 1986.

For the second year in a row, Putnam County National Bank, Carmel, N.Y., ranked as the nation's most profitable community bank, with a return on average assets for the first three quarters of 4.4%.

Putnam County National has been family-owned since its founding in 1865 in what is now a suburb north of New York City.

"We all grew up in this area that we serve, and we know it well," said Marigrace Ryder Blanks, the bank's president. "My two sons make all the loans."

National Bank of Stamford, in Stamford, N.Y., about 150 miles outside New York City in the resort area of the Catskill Mountains, was the third most profitable community bank for the second consecutive year, with a 4.1% return on assets.

"Our main key is to make loans, but to make good loans," said Gary E. Sherwood, president of the Stamford bank.

"The biggest challenge [for commu-

Careful Lending: Page 28 ➤

Henkel Resigns Bank Board Post In Wake of Furor

By JIM McTAGUE
Washington Bureau

WASHINGTON — Lee Henkel, the controversial member of the Federal Home Loan Bank Board, resigned Wednesday and asked that his formal nomination to the thrift regulatory panel be withdrawn by President Reagan.

"I have concluded that I have not, and will not, be able to fully accomplish my agenda with the constant distraction of unfounded charges and the resulting investigations," Mr. Henkel said in a statement released by the

Henkel: Page 31 ➤

$5 Billion Recapitalization for FSLIC Voted by House Banking Committee

By ROBERT M. GARSSON
Washington Bureau

WASHINGTON — The House Banking Committee on Wednesday approved a $5 billion rescue plan for the ailing Federal Savings and Loan Insurance Corp., overturning a subcommittee decision and handing a victory to committee Chairman Fernand J. St Germain.

The $5 billion figure was strongly supported by the thrift industry's key trade group, the U.S. League of Savings Institutions, which promptly hailed the vote as "a businesslike approach for the FSLIC bonding authority."

It was opposed by the Reagan administration, which is pressing for a plan that would authorize a funding corporation to borrow up to $15 billion over five years for the FSLIC. The administration has warned that it might veto a bill containing too little borrowing authority.

Rep. Thomas Carper, D-Del., who had pushed the $15 billion plan through the financial institutions subcommittee only a day earlier, said the House leadership had lobbied heavily against him.

"I'll let the broken arms hanging by the sides of the committee members

Recapitalization: Page 31 ➤

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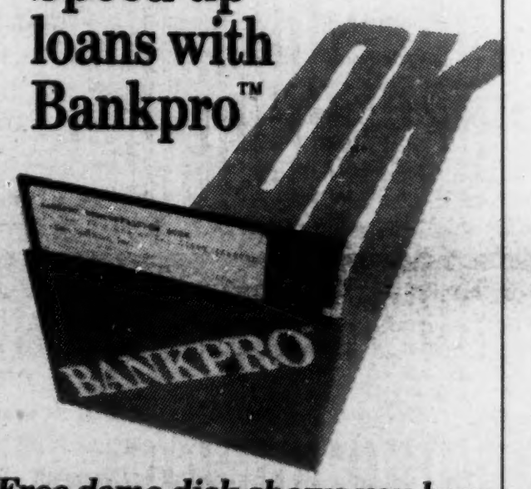

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Top 100 U.S. Community Banks In ROA

Based on the Return on Average Assets For the First Nine Months of 1986

Compiled by American Banker Copyright 1987

Rank 9/86		Return On Avg. Assets 9/86	Return On Avg. Assets 1985	Return On Avg. Equity 9/86	Return On Avg. Equity 1985	Efficiency Ratio 9/86	Total Assets ($000) 9/86	Total Deposits ($000) 9/86	Deposit Gr. Rate 1981-86	Net Income ($000) 9/86	Net Income ($000) 1985	Full-time Empl. 9/86	Net Inc. Per Empl. ($000) 9/86	Net Inc. Per Empl. ($000) 1985
1	Putnam County National Bank, Carmel,N.Y.	4.428	2.804	25.181	17.605	31.612	76,870	63,464	96.1	2,233	1,748	49	61	36
2	Hill Bank & Trust Co., Weimar,Tex.	4.245	1.986	24.877	12.921	5.706	44,768	36,472	50.2	1,363	821	18	101	37
3	National Bank of Stamford, N.Y.	4.085	3.691	21.856	22.183	9.608	55,169	37,729	66.0	1,600	1,820	21	101	87
4	Peapack Gladstone Bank, Gladstone, N.J.	3.641	1.310	37.375	14.942	60.032	105,865	92,729	141.5	2,666	1,157	72	49	19
5	Harlan National Bank, Harlan, Ky.	3.514	2.957	21.011	19.934	25.192	75,721	61,409	54.1	1,962	2,156	28	93	74
6	McDowell County National Bank, Welch, W.Va.	3.401	3.146	15.155	15.086	27.423	95,322	72,299	24.9	2,380	2,844	41	77	68
7	Bank of Sharon, Tenn.	3.203	1.712	28.131	17.604	27.266	36,326	31,663	57.4	838	584	17	66	37
8	Pembroke State Bank, Pembroke, Ga.	3.175	3.150	19.287	20.456	38.369	35,512	29,107	71.1	810	978	29	37	38
9	Key Biscayne Bank & Trust Co., Key Biscayne, Fla.	3.160	3.053	23.096	23.481	26.215	93,870	80,331	68.2	2,142	2,560	41	69	64
10	Peoples Bank of Bullitt County, Shepherdsville, Ky.	3.142	2.505	20.710	18.107	34.806	61,121	50,967	85.4	1,368	1,355	48	38	34
11	Tazewell National Bank, Tazewell, Va.	3.083	2.470	18.258	16.731	26.702	73,395	59,350	37.4	1,697	1,808	24	94	79
12	Citizens Bank, Delavan, Wis.	2.989	2.738	17.116	17.104	12.753	52,173	40,444	46.6	1,126	1,333	12	125	111
13	Bank of Sunset & Trust Co., Sunset, La.	2.956	2.462	14.030	13.008	27.544	43,155	33,465	47.1	936	1,014	17	73	60
14	Citizens Bank, Fayette, Ala.	2.910	2.632	16.857	16.421	18.617	76,401	62,372	87.6	1,583	1,792	25	84	72
15	First State Bank, Frankston,Tex.	2.903	2.744	18.230	19.377	35.128	37,310	30,850	69.8	796	979	20	53	52
16	First National Bank, Hebronville, Tex.	2.901	2.822	16.159	18.126	18.585	42,127	33,094	29.0	960	1,247	20	64	59
17	Hemisphere National Bank, Miami	2.844	1.916	36.150	30.918	-11.390	39,185	34,570	72.9	787	670	34	31	20
18	Citizens State Savings Bank, New Baltimore, Mich.	2.836	1.973	28.679	23.395	44.499	46,326	40,974	38.4	931	820	29	43	29
19	Somersworth Bank, Somersworth, N.H.	2.831	1.946	26.701	21.185	36.408	69,727	61,526	284.8	1,295	1,103	23	75	53
20	Citizens Bank, Rusk, Tex.	2.829	1.895	19.898	15.978	41.831	41,580	34,781	49.2	885	812	15	78	58
21	Farmers & Merchants Bank, Eatonton, Ga.	2.769	2.260	21.852	20.913	42.871	40,443	34,741	66.6	832	889	20	55	44
22	Cambridge State Bank, Cambridge, Minn.	2.730	1.072	27.614	12.441	19.611	44,423	39,561	58.3	863	437	12	96	36
23	Blue Grass Savings Bank, Blue Grass, Iowa	2.723	2.556	18.499	19.713	21.211	38,092	31,393	50.5	747	901	9	110	100
24	Cecilian Bank, Cecilia, Ky.	2.701	1.742	16.434	11.600	27.666	48,889	40,195	45.1	963	804	30	43	28
25	Toole County State Bank, Shelby, Mont.	2.687	1.371	23.390	13.939	21.203	50,111	43,385	81.8	999	681	13	102	49
26	Barnes Banking Co., Kaysville, Utah	2.622	2.923	16.933	20.730	31.190	62,537	51,953	67.4	1,170	1,649	33	47	59
27	State Bank of Caledonia, Mich.	2.609	1.686	23.046	16.685	20.550	46,214	40,021	61.0	885	740	19	62	41
28	National Bank of Coxsackie, N.Y.	2.606	2.259	23.808	22.566	32.237	58,189	49,686	107.2	1,054	1,137	33	42	34
29	Arthur State Bank, Union, S.C.	2.605	1.887	15.443	11.628	52.460	64,629	52,729	78.0	1,224	1,120	50	33	24
30	Lockwood National Bank, Houston,Tex.	2.603	1.351	28.690	18.060	68.159	124,210	109,600	-16.0	2,459	1,681	82	40	16
31	Berlin City Bank, Berlin, N.H.	2.585	1.015	32.243	13.971	40.818	120,101	108,953	62.7	2,197	1,073	67	44	17
32	Peoples Bank, Vanleer, Tenn.	2.561	1.825	29.360	25.417	41.956	40,109	35,838	147.6	752	693	25	40	28
33	Grundy National Bank, Grundy, Va.	2.559	2.002	18.919	16.691	24.529	113,366	92,441	31.9	2,208	2,225	62	47	35
34	First National Bank, Avoca, Pa.	2.523	2.134	20.982	19.977	38.710	46,229	39,955	70.3	850	950	23	49	41
35	Spivey State Bank, Swainsboro, Ga.	2.522	1.498	27.297	19.144	37.337	38,721	34,664	89.1	709	546	25	38	23
36	State Bank of Kingman, Kan.	2.513	1.938	16.758	15.358	30.988	36,069	29,585	12.6	703	759	12	78	63
37	First State Bank, Columbus, Tex.	2.509	1.905	14.241	12.604	37.858	58,344	45,941	25.2	1,088	1,139	17	85	67
38	International Bank NA, Brownsville, Tex.	2.508	1.822	31.486	28.186	62.602	42,162	37,864	229.5	781	753	35	30	22
39	Western Greenbrier National Bank, Rainelle, W.Va.	2.505	2.591	12.078	13.410	26.193	35,633	27,790	36.8	661	892	15	59	59
40	Bank of Hiawassee, Ga.	2.503	1.873	24.789	21.015	37.777	50,864	45,078	80.5	895	851	30	40	28
41	Kentucky Farms Bank, Catlettsburg, Ky.	2.499	3.426	13.039	20.232	42.290	86,832	68,433	27.7	1,643	2,989	70	31	47
42	Security Bank & Trust Co., North Providence, R.I.	2.491	2.010	29.861	27.484	63.294	41,284	36,806	164.8	718	686	27	35	30
43	First National Bank of Pike County, Milford, Pa.	2.482	1.800	33.008	27.581	38.536	102,119	92,959	126.2	1,689	1,503	46	49	39
44	Brand Banking Co., Lawrenceville, Ga.	2.481	2.510	25.672	30.328	28.108	116,645	102,434	147.1	2,002	2,471	72	37	39
45	Clearfield State Bank, Clearfield, Utah	2.481	1.630	17.264	12.023	55.906	50,292	42,255	34.7	904	784	48	25	16
46	Peoples Savings Bank, Clanton, Ala.	2.479	2.212	17.342	17.496	34.632	56,880	47,912	62.4	1,033	1,192	39	35	32
47	Peoples State Bank, Hamtramck, Mich.	2.457	2.430	13.592	14.489	24.467	118,436	96,007	28.4	2,104	2,680	43	65	65
48	Bank of Gravette, Ark.	2.455	1.734	21.773	17.207	25.140	49,585	42,451	74.0	885	801	21	56	40
49	Aroostook Trust Co., Caribou, Me.	2.443	1.392	23.795	14.351	61.158	47,781	42,282	46.7	827	595	66	17	9
50	Farmers & Merchants Bank, Baldwyn, Miss.	2.436	1.459	27.966	19.639	37.329	41,657	37,361	47.7	743	576	33	30	17
51	Byron Center State Bank, Byron Center, Mich.	2.435	1.757	20.100	16.645	37.237	77,572	67,092	81.6	1,368	1,304	45	40	31
52	Durham Trust Co., Durham, N.H.	2.430	2.007	29.343	30.483	76.282	61,706	56,108	160.7	1,044	1,121	50	28	23
53	Bank of Mountain View, Ark.	2.425	1.986	16.445	15.097	33.812	44,698	37,731	74.7	771	812	24	43	34
54	Peoples Bank of Unity, Plum Boro, Pa.	2.425	2.182	15.900	15.614	34.323	108,289	90,337	72.7	1,919	2,218	88	29	25
55	Petefish Skiles & Co., Virginia, Ill.	2.402	1.571	16.513	11.760	33.709	39,774	33,214	33.9	711	611	14	68	44
56	Peoples Bank of Western Pennsylvania, New Castle	2.395	0.820	23.436	8.888	75.341	115,619	102,432	28.2	2,060	923	80	34	11
57	Bank of Millbrook, N.Y.	2.394	2.286	15.230	15.947	43.473	42,969	36,329	87.3	707	873	28	34	31
58	Bank of Wedowee, Ala.	2.393	1.894	20.532	17.546	29.082	39,716	34,663	76.3	669	652	21	42	34
59	Bank of Amity, Ark.	2.389	1.295	17.014	9.834	22.970	35,598	29,922	37.8	631	445	10	84	45
60	Liberty National Bank, Ada, Ohio	2.388	2.010	27.744	27.791	39.219	46,177	37,690	73.2	805	895	15	71	56
61	Mechanics Savings Bank, Water Valley, Miss.	2.383	1.709	20.559	17.249	33.142	42,229	36,499	36.1	759	721	30	34	25
62	Enterprise Bank of South Carolina, Ehrhardt	2.347	1.685	18.064	14.294	32.564	41,444	35,346	143.7	695	637	32	29	24
63	First State Bank, Three Rivers, Tex.	2.346	2.234	16.366	17.439	39.977	50,659	42,496	45.8	890	1,093	28	42	42
64	Farmers Bank, Greenwood, Ark.	2.334	1.668	20.844	17.006	37.151	46,132	40,256	68.3	789	730	20	52	38
65	Ozark Bank, Ozark, Mo.	2.322	1.821	20.649	17.751	46.460	56,133	49,180	77.2	907	898	43	28	22
66	Farmers & Drovers Bank, Council Grove, Kan.	2.308	0.081	11.874	0.432	38.488	38,486	30,243	29.1	667	31	20	44	2
67	First National Bank of Pryor, Okla.	2.301	2.210	15.097	16.252	34.547	61,679	51,366	35.5	1,052	1,345	30	47	46
68	Citizens National Bank of Hillsboro, Tex.	2.291	2.169	15.740	16.885	43.320	51,641	43,330	85.9	879	1,098	24	49	46
69	State Growers State Bank, Ashland, Kan.	2.287	2.215	17.172	18.798	42.315	37,436	31,670	60.5	632	796	11	76	80
70	First National Bank of Dryden, N.Y.	2.287	1.789	20.947	17.854	39.232	49,184	42,328	39.0	813	827	26	42	36
71	Alabama City Bank, Gadsden, Ala.	2.284	1.613	22.460	18.333	42.800	61,089	53,770	0.8	1,054	994	54	26	17
72	Bank of Barrow, Winder, Ga.	2.282	2.304	18.565	20.589	33.098	98,538	84,175	97.9	1,562	1,986	56	37	35
73	Franklin State Bank, Franklin, Neb.	2.275	0.973	15.561	7.108	-26.122	37,961	31,547	23.0	637	360	13	65	28
74	Merchants National Bank of Bangor, Pa.	2.275	2.030	19.394	19.122	31.127	85,212	74,262	32.5	1,398	1,600	24	77	73
75	Torrance National Bank, Torrance, Calif.	2.256	1.923	31.112	28.380	54.292	71,753	64,932	89.1	1,177	1,289	51	31	25
76	Liberty State Bank Mount Carmel, Pa.	2.252	1.769	18.649	16.503	37.210	47,100	40,538	60.9	774	799	20	51	40
77	First National Bank, Staunton, Ill.	2.246	1.934	15.203	14.374	32.243	71,500	57,201	45.1	1,179	1,315	31	51	39
78	Haysville State Bank, Haysville, Kan.	2.245	1.494	29.600	22.914	43.747	107,555	93,429	132.6	1,769	1,490	45	52	33
79	First State Bank, Athens, Tex.	2.245	2.266	20.713	23.257	37.337	68,658	60,467	93.8	1,135	1,493	33	46	43
80	First National Bank, Lovell, Wy.	2.229	2.276	23.979	25.544	45.645	42,884	37,013	51.9	687	927	15	61	58
81	First State Bank, Eldorado, Ill.	2.228	1.821	28.193	24.934	39.359	39,614	35,824	49.8	653	708	23	38	26
82	Slocomb National Bank, Slocomb, Ala.	2.220	1.936	24.374	19.965	64.038	39,507	35,323	87.8	600	565	15	53	35
83	Farmers & Traders National & Savings Bank, Colebrook, N.H.	2.218	2.013	17.766	17.320	43.374	39,841	34,279	74.0	617	705	21	39	32
84	Farmers Bank & Trust Co., Blytheville, Ark.	2.215	1.359	23.946	15.703	58.513	85,640	76,329	25.6	1,457	1,210	56	35	22
85	Bank of Currituck, Moyock, N.C.	2.206	1.753	18.704	16.901	34.555	43,862	38,458	69.1	705	738	25	38	31
86	Middletown Valley Bank, Middletown, Md.	2.203	2.036	20.541	20.536	28.930	50,948	45,291	77.0	793	923	27	39	34
87	Bank of Commerce, Stilwell, Okla.	2.201	2.050	16.655	17.825	48.060	45,318	38,895	55.5	720	882	29	33	30
88	Citizens State Bank, Roma, Tex.	2.201	1.600	26.806	23.944	35.120	40,835	36,758	200.1	689	649	21	44	32
89	Kilbourn State Bank, Milwaukee, Wis.	2.195	2.760	14.420	19.658	28.885	65,398	48,394	50.9	1,018	1,661	19	71	92
90	Golden Valley Bank, A United Bank, Golden Valley, Minn.	2.192	1.881	24.645	21.779	31.606	90,141	80,662	71.2	1,426	1,631	52	36	30
91	Bank of Man, Man, W.Va.	2.191	1.938	16.638	15.534	62.128	47,723	40,431	30.0	773	856	37	28	25
92	Citizens Bank of Tifton, Ga.	2.182	1.739	24.040	22.031	32.942	60,761	51,904	82.2	970	996	37	35	28
93	Centreville National Bank of Maryland; Centreville	2.181	1.514	21.903	16.937	30.633	82,588	74,018	83.2	1,241	1,105	34	49	36
94	Harrison County Bank, Palmyra, Ind.	2.179	1.550	19.154	14.691	31.407	35,836	30,996	58.2	552	492	23	32	23
95	Pioneer Trust Bank NA, Salem, Ore.	2.174	1.781	20.337	20.050	5.276	77,225	65,360	113.1	1,228	1,396	38	43	36
96	Arp State Bank, Arp, Tex.	2.174	1.409	21.959	16.047	37.777	50,773	44,396	84.5	838	704	26	43	28
97	Danville State Bank, Danville, Ark.	2.165	1.113	22.076	13.000	23.682	71,915	63,768	55.9	1,155	773	31	50	26
98	Bank of O'Fallon, Ill.	2.165	1.677	24.028	21.336	24.798	117,871	105,471	107.3	1,808	1,768	35	69	49
99	Clinton State Bank, Clinton, Ind.	2.159	1.968	16.193	16.688	46.617	50,631	43,370	32.1	799	959	30	35	36
100	First Brookdale State Bank, Brooklyn Center, Minn.	2.159	1.910	18.445	19.001	35.504	44,106	38,187	41.3	712	829	38	25	20

American Banker defines a community bank as an independently-owned (not owned by a bank holding company), FDIC-insured bank (exclusive of non-deposit trust companies) with assets of between $35 million to $150 million on Sept. 30, 1986. The listing includes community banks that were profitable in both 1986 and 1985. **Returns on Average Assets and Average Equity Capital** for 9/86 are calculated by annualizing net income for the first nine months of 1986 and dividing by average assets and average equity, respectively. The **Efficiency Ratio** is net non-interest expense as a percentage of net interest income. It tells you how much it costs the bank— in cents— to generate $1 of net interest income. **Deposit Growth Rate** shows the percentage change in deposits over the period Dec. 31, 1981, to Sept. 30, 1986. **Net Income Per Employee** is net income (net income for the first 9 months of 1986 is annualized) divided by the number of employees at the end of the period. **Source of data: ADP Data Services, New York.**

Top 100 Community Banks in the United States

Listed Georgraphically by Order of Size within States

Compiled by American Banker Copyright 1986

Rank 9/86		Return on Assets 9/30/86
	Alabama	
14	Citizens Bank, Fayette	2.910
46	Peoples Savings Bank, Clanton	2.479
58	Bank of Wedowee	2.393
71	Alabama City Bank, Gadsden	2.284
82	Slocomb National Bank, Slocomb	2.220
	Arkansas	
48	Bank of Gravette	2.455
53	Bank of Mountain View	2.425
59	Bank of Amity	2.389
64	Farmers Bank, Greenwood	2.334
84	Farmers Bank & Trust Co., Blytheville	2.215
97	Danville State Bank, Danville	2.165
	California	
75	Torrance National Bank, Torrance	2.256
	Florida	
9	Key Biscayne Bank & Trust Co., Key Biscayne	3.160
17	Hemisphere National Bank, Miami	2.844
	Georgia	
8	Pembroke State Bank, Pembroke	3.175
21	Farmers & Merchants Bank, Eatonton	2.769
35	Spivey State Bank, Swainsboro	2.522
40	Bank of Hiawassee	2.503
44	Brand Banking Co., Lawrenceville	2.481
72	Bank of Barrow, Winder	2.282
92	Citizens Bank of Tifton	2.182
	Illinois	
55	Petefish Skiles & Co., Virginia.	2.402
77	First National Bank, Staunton	2.246
81	First State Bank, Eldorado	2.228
98	Bank of O'Fallon	2.165
	Indiana	
94	Harrison County Bank, Palmyra	2.179
99	Clinton State Bank, Clinton	2.159
	Iowa	
23	Blue Grass Savings Bank, Blue Grass	2.723
	Kansas	
36	State Bank of Kingman	2.513
66	Farmers & Drovers Bank, Council Grove	
69	State Growers State Bank, Ashland	2.287
78	Haysville State Bank, Haysville	2.245
	Kentucky	
5	Harlan National Bank, Harlan	3.514
10	Peoples Bank of Bullitt County, Shepherdsville	3.142
24	Cecilian Bank, Cecilia	2.701
41	Kentucky Farms Bank, Catlettsburg	2.499
	Louisiana	
13	Bank of Sunset & Trust Co., Sunset	2.956
	Maine	
49	Aroostook Trust Co., Caribou	2.443
	Maryland	
86	Middletown Valley Bank, Middletown	2.203
93	Centreville National Bank of Maryland, Centreville	2.181
	Michigan	
18	Citizens State Savings Bank, New Baltimore	2.836
27	State Bank of Caledonia	2.609
47	Peoples State Bank, Hamtramck	2.457
51	Byron Center State Bank, Byron Center	2.435
	Minnesota	
22	Cambridge State Bank, Cambridge	2.730
90	Golden Valley Bank, A United Bank, Golden Valley	2.192
100	First Brookdale State Bank, Brooklyn Center	2.159
	Mississippi	
50	Farmers & Merchants Bank, Baldwyn	2.436
61	Mechanics Savings Bank, Water Valley	2.383
	Missouri	
65	Ozark Bank, Ozark.	2.322
	Montana	
25	Toole County State Bank, Shelby	2.687

Rank 9/86		Return on Assets 9/30/86
	Nebraska	
73	Franklin State Bank, Franklin	2.275
	New Hampshire	
19	Somersworth Bank, Somersworth	2.831
31	Berlin City Bank, Berlin	2.585
52	Durham Trust Co., Durham	2.430
83	Farmers & Traders National & Savings Bank, Colebrook	2.218
	New Jersey	
4	Peapack Gladstone Bank, Gladstone	3.641
	New York	
1	Putnam County National Bank, Carmel	4.428
3	National Bank of Stamford	4.085
28	National Bank of Coxsackie	2.606
57	Bank of Millbrook	2.394
70	First National Bank of Dryden	2.267
	North Carolina	
85	Bank of Currituck, Moyock	2.206
	Ohio	
60	Liberty National Bank, Ada	2.388
	Oklahoma	
67	First National Bank of Pryor	2.301
87	Bank of Commerce, Stilwell	2.201
	Oregon	
95	Pioneer Trust Bank NA, Salem	2.174
	Pennsylvania	
34	First National Bank, Avoca	2.523
43	First National Bank of Pike County, Milford	2.482
54	Peoples Bank of Unity, Plum Boro	2.425
56	Peoples Bank of Western Pennsylvania, New Castle	2.395
74	Merchants National Bank of Bangor	2.275
76	Liberty State Bank Mount Carmel	2.252
	Rhode Island	
42	Security Bank & Trust Co., North Providence	2.491
	South Carolina	
29	Arthur State Bank, Union	2.605
62	Enterprise Bank of South Carolina, Ehrhardt	2.347
	Tennessee	
7	Bank of Sharon	3.203
32	Peoples Bank, Vanleer	2.561
	Texas	
2	Hill Bank & Trust Co., Weimar	4.245
15	First State Bank, Frankston	2.903
16	First National Bank, Hebronville	2.901
20	Citizens Bank, Rusk	2.829
30	Lockwood National Bank, Houston	2.603
37	First State Bank, Columbus	2.509
38	International Bank NA, Brownsville	2.508
63	First State Bank, Three Rivers	2.346
68	Citizens National Bank of Hillsboro	2.291
79	First State Bank, Athens	2.245
88	Citizens State Bank, Roma	2.201
96	Arp State Bank, Arp	2.174
	Utah	
26	Barnes Banking Co., Kaysville	2.622
45	Clearfield State Bank, Clearfield	2.481
	Virginia	
11	Tazewell National Bank, Tazewell	3.083
33	Grundy National Bank, Grundy	2.559
	West Virginia	
6	McDowell County National Bank, Welch	3.401
39	Western Greenbrier National Bank, Rainelle	2.505
91	Bank of Man, Man	2.191
	Wisconsin	
12	Citizens Bank, Delavan	2.989
89	Kilbourn State Bank, Milwaukee	2.195
	Wyoming	
80	First National Bank, Lovell	2.229

Careful Lending, Investing Keep Community Banks Strong

→ Continued from Page 1

nity banks] in the next 10 years is going to be getting loans," said Jack Whittle, chairman of Whittle & Hanks Inc., a bank consulting firm in Chicago. "The big banks can go where the action is. The small banks can't."

And in many small towns, quality loans are tough to find, especially if a single, struggling industry dominates the local economy. Community banks "are after quality loans all the time," Mr. Whittle said.

At yearend 1985, Putnam County's loans represented 33% of earning assets, and National Bank of Stamford's loans were 42% of earning assets, according to Cates Consulting Analysts Inc. in New York, which analyzes publicly available financial data.

For banks nationwide with $40 million to $100 million in assets, the average ratio of loans to earning assets is 59%, according to Cates.

"Neither of these banks are aggressive in lending," observed David C. Cates, chairman and chief executive officer of Cates Consulting.

Both banks, he said, have unusually large long-term investment portfolios, which boosted their yield on earning assets without adding significantly to operating expenses.

"You've got a double whammy at work for very high profit," Mr. Cates said.

Twelve of the top 100 banks in profitability are based in Texas, where the biggest banking companies have been battered by the slumping energy business.

See Tables
Pages 22-23

"You have to look at your man and know him," declared Jeff Austin, president of First State Bank in Frankston, Tex., about 100 miles southeast of Dallas. First State earned 2.9% on its assets.

"We have tried to loan to the people we feel are money-makers," said Mr. Austin, a 50-year veteran of the banking business. "I feel like I have a knowledge of the resale value of what I loan on."

First State has managed to steer clear of the worst of the energy problems, Mr. Austin said.

The bank's energy-related loans are mainly to so-called "make ready" companies, which prepare a site for oil drilling. "They've lost some money, but not a whole lot," he said.

Another Texas bank, Hill Bank & Trust Co., Weimar, about halfway between Houston and San Antonio, ranked second in profitability with a return on assets of 4.2%. Hill Bank & Trust has no energy loans, and the biggest portion of its loans are to livestock farmers, said president John A. Hajovsky, who has spent 64 years with the bank since joining it at age 16 as a janitor.

"No matter how bad the market is, shrewd, smart bankers can make money," said Mr. Whittle, the consultant.

Service is also important, according to community bankers.

"Let customers feel like they're a part and you appreciate their business," Mr. Hajovsky said.

"Our basic thing is try to be a people-to-people bank," echoed Mr. Sherwood of National Bank of Stamford.

Community banks also strive to keep costs down.

"We have tight control over expenses," said Ms. Blanks of Putnam County. "I sign all the checks."

In New Hampshire, at least one bank is sharing the fruits of New England's booming economy.

"There's so much business. It's good times," said Paul St. Laurent, executive vice president at Somersworth Bank in Somersworth, N.H., which earned a 2.8% return on assets.

"We've been growing like crazy," said Mr. St. Laurent, adding that loans and assets have nearly tripled in the last few years.

For the future, community bankers are predicting more of the same cautious business practices.

"We just keep going right on," Ms. Blanks said. "When something happens, we adjust." ■

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Empire of America Buys Deposits of Failed Thrift In Northern California

West Coast Bureau

LOS ANGELES — Empire of America-California Federal Savings Bank said it has acquired $79.2 million in insured deposits that were held by the Equitable Savings and Loan Association before it failed last Friday.

Equitable, with assets of $59.1 million, was based in San Mateo in Northern California, but operated four offices in Southern California. Empire of California, based in Woodland Hills, will lease Equitable's offices from the Federal Savings and Loan Insurance Corp., which currently is conducting an inventory of Equitable's assets.

Empire of California, a unit of Empire of America Federal Savings Bank, Buffalo, operates 18 other branches, including 13 in Southern California. Its parent, Empire of America, has assets of $9.1 billion and 148 offices in California, Florida, Michigan, New York, and Texas.

In closing Equitable, the Federal Home Loan Bank Board said Equitable and its wholly owned subsidiary, ESL Service Corp., experienced "substantial losses" from real estate investments, "which included a series of 'flip' transactions, self-dealing, payment of unearned fees to principals of an affiliate of Equitable, and other unsafe and unsound underwriting decisions."

A "flip" transaction is one in which a group of people sell property among themselves several times during a short period. This usually is done to artificially raise the price of a property so that loans can be obtained on it based on inflated appraisals.

Federal regulators also cited the thrift with violations of regulations concerning limits on commercial loans, loans to one borrower, the issuance of loan commitments in excess of appraised value, and violations of insurance regulations relating to loan and investment underwriting, including deficient and nonexistent appraisals.

Equitable was acquired in May 1985 by Vesteq Financial Services, whose principals are three real estate investors, Mark W. Stevens, Phillip J. Andrews, and Bruce L. Siriani.

The Bank Board said the three made all the real estate investment and lending decisions for Equitable and its service corporation. ■